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July 31, 1933.

DISCUSS COMPENSATORY TAX
ON COMPETITORS OF COTTON

A hearing to determine the amount of the compensatory tax to be levied upon commodities competing with cotton under section 15 (d) of the Agricultural Adjustment Act was begun today by the Agricultural Adjustment Administration. Representatives from the jute, paper, rayon, silk, flax and wool industries presented their views on what tax, if any, should be levied to prevent excessive shifts from the consumption of cotton products caused by the addition of the 4.2 cents per pound processing tax on the raw cotton which goes into effect Tuesday.

Charles J. Brand, Coadministrator of the Agricultural Adjustment Administration, opened the hearing, which also dealt briefly with section 15 (a) of the Act relating to cotton products of such low value that imposing a processing tax would restrict their use.

S. Robert Glassford, of New York, chairman of a committee of the Cotton Textile Institute, led the presentation of the case for the cotton textile industry and urged a tax on paper equal to the per pound tax to be levied on cotton, and a tax on rayon of 8.4 cents per pound or twice the amount of the tax on raw cotton.

The argument for a tax on paper was made by Mr. Glassford and Normal Elsa, president of the Fulton Cotton Mills, of Atlanta, Ga. Mr. Elsa gave price statistics on paper bags and cotton bags used by the flour trade. He asserted that the processing tax of 4.2 cents per pound on cotton would add $6.48 to the cost per thousand of the bags used for a 24-pound sack of flour and that this would

decrease consumption of cotton bags. Mr. Glassford stated that in 1931, 400,000 bales of cotton were consumed in the manufacture of bags. He said that no general tax on all types of paper was being sought by the cotton-bag industry, and that the two chief types of paper competing with cotton are the kraft and rope papers. He also discussed the substitution of paper bags for cotton bags for cement. Fredrick A. Williams, of the Cannon Mills, of Concord, N. C., also pointed out that "the encroachment of paper towels, napkins, doilies, etc., for the past two years has been severe," and stated that a tax on paper used in the manufacture of these products should be levied to prevent disadvantages in competition.

In arguing that a tax of 8.4 cents per pound on rayon should be levied in order to prevent undue advantage to this fiber, Mr. Glassford asserted that since 1924 the costs of rayon indicated progress in the shift of rayon competition from silk to cotton. He stated that the price of rayon in 1924 was $1.82 per pound, whereas in 1933 it had declined to 50 cents per pound. He further argued that the labor factor in the processed commodity should be taken into consideration and asserted that the cost of the finished cotton product represented one-third cotton and two-thirds labor whereas the ratio was just the reverse for rayon in which the commodity cost was two-thirds the price of the finished product and the labor one-third.

Associated producers of rayon and processors, underwear manufacturers, and knitters opposed the tax on rayon.

Rufus W. Scott, of the Rayon Synthetic Yarn Manufacturers, of New York, asserted that the purpose of section 15-d of the Act was only to prevent excessive shifts in consumption and not to disturb pre-existent competitive situations. He said that 150,000,000 pounds of rayon is consumed annually and only about one-third of the total consumption has any relation to cotton.

He claimed that a shift of 25,000,000 pounds of rayon would only be 1 percent of the cotton consumed and that inasmuch as there is now no basis for determining whether there would be "excessive shifts," the Secretary should await further information before levying a compensating tax. Mr. Scott said that the rayon mills would run to capacity during the next three months under contracts already in hand and urged that further information be gathered during these three months to determine whether the cotton processing tax would cause consumption shifts.

Seabury Stanton, representing the National Rayon Weavers Association, stated that the total consumption of rayon, if translated into cotton, would mean "only 250,000 bales of cotton." He claimed that the two fabrics "do not compete and the question is solely one of style and consumer acceptance."

Opposition to a compensating tax on rayon also was expressed by T. H. Mueller, representing the underwear manufacturers, Royal Little, of the National Rayon Yarn Processors Association, and others.

At the morning session, C. A. Cannon, of the American Cotton Manufacturers Association presented an appeal that the cotton processing tax on non-tenderable or low grades of cotton be rebated. He claimed that 25 percent of such cotton, which is produced in what is known as the "sledded" areas of the West, is waste, and that a tax of 4.2 cents per pound would decrease the basis of price on the better grades.

C. A. Moser, of the American Cotton Manufacturers Association, urged that the Secretary of Agriculture postpone the floor stock taxes on cotton products so that they and the tax on competing commodities should go into effect simultaneously.

The hearing, conducted by D. S. Murph, chief of the division of cotton processing and marketing, probably will continue through Tuesday. It is expected that the jute, silk, flax, and wool industries will be heard either tonight or Tuesday.

Following is a list of those who entered an appearance at the hearing:

William C. Appleton
Viscose Co.,
New York.

H. Thomas Austern,
Ludlow Manufacturing Assn.,
Washington, D. C.

W. Malcolm Brady,
Rayon Weaving Industry,
New York.

C. M. Carr,
American Euka Corp.,

L. D. Chapman,
Am. Cotton Waste & Linters' Exchange,
New Bedford, Mass.

Horace B. Cheney,
Silk Assn. of America, Inc.,
South Manchester, Conn.

J. S. Chopak,
National Rayon Weavers Assn.,
New York.

Lloyd S. Cochran,
National Association of Dry Goods,
Lockport, N.Y.

W. L. Condon,
Textile Bag Manufacturers Assn.,
Chicago.

Earl Constantine,
Nat'l Assn. of Hosiery Mfrs.,
New York.

J. Harry Covington,
Ludlow Manufacturing Assn.,
Washington, D. C.

N. Egawa,
Morimura, Arai & Co., Inc.,
New York.

Norman E. Elsas,
Fulton Bag & Cotton Mills,
Atlanta, Ga.

Ernest C. Geier,
Silk Assn. of America, Inc.,
New York.

Paolino Gerli,
Silk Assn. of America, Inc.,
New York.

S. Robert Glassford,
Cotton Textile Industry,
New York.

Dean Hill,
Throwsters Research Institute, Inc.,
New York.

W. H. Huff,
Textile Waste Exchange,
West Point, Ga.

S. B. Hunt,
Tulize Chatillon Corp.,
New York.

Takeo Ito,
Mitsui & Co.,
New York.

T. Inouye,
Japanese Embassy,
New York.

Harry F. Keeler,
Chas. P. Cochrane Co.,
Norristown, Pa.

O. M. Kile,
Agricultural Economist,
Washington, D. C.

Lloyd Kitchel,
Hercules Powder Co.,
Wilmington, Del.

Juichi Kone,
Asahi Corp.,
New York.

H. Lehner,
American Cotton Waste & Linters Exchange,
Boston, Mass.

Hatton Lovejoy,
Calloway Mills,
LaGrange, Ga.

F. S. MacGregor,
Du Pont Rayon Co.,
New York.

Leavelle McCampbell,
Cotton Textile Industry,
New York.

A. W. McCready,
Silk Assn. of America, Inc.,
New York.

J. B. Miller,
Silk Assn. of America, Inc.,
New York.

E. N. Morris,
National Rayon Weavers Assn.,
New York.

Peter N. Myhend,
State Board of Agriculture,
Sacramento, Calif.

J. H. Patrick,
Firth Carpet Co.,
Firthcliffe, N.Y.

Ruth E. Peterson, Expert,
U. S. Tariff Commission,
Washington, D.C.

W. K. Rhoader,
Pacific Mills,
Boston, Mass.

J. Rosenberg,
American Wiping Cloth Co.,
Baltimore, Md.

Leon H. Ryan,
Rayon Yard Producing Industry,
Newark, Del.

Joseph M. Ryan,
John J. Ryan & Sons, Inc.,
Troy, N.Y.

S. A. Salvage,
Rayon & Synthetic Yarns Mfrs.,
New York.

Joseph Schopiro,
S. Schopiro & Sons,
Baltimore, Md.

Rufus W. Scott,
Rayon Synthetic Yarn Mfgrs.,
New York.

David F. Seiferheld,
N. Erlanger Blumgart & Co., Inc.,
New York.

R. M. Shafer,
Ravonah Spinning Mills,
Hanover, Pa.

H. Shiga,
Japanese Gov. Raw Silk Intelligence Bureau,
New York.

Howard L. Shuttleworth,
Mohawk Carpet Mills, Inc.,
Amsterdam, N.Y.

S. A. Simour,
The Southern Waste Co.,
Baltimore, Md.

F. E. Simmons,
Dept. of Commerce,
Washington, D.C.

Atesus Sommanipo,
Du Pont Rayon Co.,
New York.

Seabury Stanton,
National Rayon Weavers Assn.,
New Bedford, Mass.

Eiji Wajima,
Japanese Embassy,
Washington, D.C.

Frank R. Wheeler,
Silk Assn. of America, Inc.,
New York.

H. J. White,
Du Pont Rayon Co.,
New York.

John C. White,
Southern Bagging Co.,
Washington, D.C.

J. L. Windmuller,
American Cotton Waste & Linter Exchange,
Boston, Mass.

Paul T. Wise,
Silk Industry,
Brooklyn, N.Y.

Charles Wolff,
American Bemberg Corp.,
Elizabethton, Tenn.

J. B. Yates,
National Rayon Weavers Assn.,
New York.

L. A. Yerkes,
Du Pont Rayon Co.,
New York.

S. Yoshida,
Japanese Gov. Raw Silk Intelligence Bureau,
New York.

G. M. Youngman, Expert,
U. S. Tariff Commission,
Washington, D. C.

A. W. Zelomek, Economist,
Fairchild Publications,
Int'l. Stat. Bureau, Inc.

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